

22 April 1968
JCB K-78-361

*Amended 1
FL-CT-4004*

Dear Hazel:

During our meeting 2 April 1968 you requested that we document to you our method of collecting and allocating computer charges (as related to FL-CT-4004) and our method of charging EMR's (as related to FL-CT-4005). Subsequent to our meeting, we were able to locate back-up documentation for the above referenced computer charges and have shown this to

25X1A

I am submitting with this letter three copies of excerpts from our company procedures covering pricing and handling of Expense Material Requisitions. The items questioned on contract FL-CT-4005 FY '65 are documented on all the documents utilized in our EMR control procedure with the one exception of the requisition card (Exhibit 10 of the attached procedure). Two boxes of these cards which cover transfer to all programs during the period involved on FL-CT-4005 (November-December 1964) have been lost. Based on our past history of locating back-up documentation, the double checks in our EMR procedure and the fact that the questioned charges were verifiable in all but one area of our procedure, the charges questioned on FL-CT-4005 were allowed by mutual agreement during negotiations.

We are also enclosing five copies of a remittance statement on FL-CT-4004. Since it was mutually agreed that our final claimed costs would be allowed, the statement presents the final two vouchers that must be executed.

Very truly yours,



25X1A

JCB:ima
Enclosures

JCB-K-13-283
15 April 1968

FL 4004 FY 64

REMITTANCE STATEMENT

25X1A

Amount Billed Through Voucher #22
Payment Received to Date

Net Amount Due

\$ 3,586.12

OUTSTANDING INVOICES

5/18/66	4966	Voucher #21
10/17/66	AC5964	Voucher #22

\$	6,201.66
	(2,615.54)

Net Amount Due

\$ 3,586.12

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~~For Direct Material against all open Project Authority numbers. These committed dollar amounts are furnished to Data Processing by Project Authority Number for association to the appropriate contract in the Project Cost Summary. This data provides the method whereby the Program Accountant may furnish the customer with both expended and committed material dollars.~~

(3) Expense Material Requisitions

Expense Material Requisitions are a second segment of direct material in the Contract Ledger.

- a. The Cost Section receives all Direct and Indirect Expense Material Requisitions (Exhibit 10). These Expense Material Requisitions include material transferred as follows:
 1. From one Project Authority Number to another Project Authority Number (Card A, Exhibit 10).
 2. From an inventory account to a Project Authority Number (Card B, Exhibit 10).
 3. From an inventory account to a given department expense account (Card C, Exhibit 10) and vice versa.
 4. From a department expense account to a Project Authority Number (Card D, Exhibit 10) and vice versa.
 5. From an inventory account to an inventory account (Card E, Exhibit 10).

Card E represents a complete Expense Material Requisition.
- b. The Expense Material Requisition is prepared in the area distributing the material and includes the following information processed by the Cost Section:
 1. Part Number for the material requisitioned.
 2. Project number, if the material is direct.

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3. Charge account number.
 4. Name and description of part for which the material is requisitioned.
 5. Credit Account Number.
 6. Quantity of delivered material.
 7. Material Unit Price (secured by the Cost Section).
 8. Material Location - delivered to.
 9. Material Location - delivered from.
- c. If an area distributes numerous types of material on one request, these types are posted to an Expense Material List (Exhibit 11). One Expense Material Requisition card is used for the total sum of all material charges for the one requisition when it is submitted by the Cost Section to Data Processing.

Each month the Cost Section receives from the various material disbursing areas a list of material which has been used on the assembly line to support fabrication. Such material may include chemicals, wire, or epoxy, etc. These materials are prorated to various Project Authority Numbers by the areas disbursing the material and requisitions are submitted for all such materials charged to each Project Authority Number. The Cost Section balances the charges on the Requisition Cards to the charges posted to the list.

- d. The total quantity delivered is extended and verified by unit price to compute the total material value of the Expense Material Requisition.
- e. Expense Material Requisitions are sorted by various debit-credit categories and initially checked for validity. Any invalid Expense Material Requisitions are returned to the

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originator for clarification. Cost economics determine that an Expense Material Requisition having a total value of three dollars or less is not processed.

Valid Expense Material Requisitions are forwarded to Data Processing on a weekly basis together with control totals for both card volume and dollar amount. Data Processing key punches the Expense Material Requisitions and returns the Expense Material Requisitions cards to the Cost Section. The Cost Section is also furnished with a weekly audit listing of direct expense material requisitions (Exhibit 12) and indirect expense material requisitions. The direct Expense Material Requisition listing is sorted by Project Authority Number, inventory account, and departmental expense account for both debit and credit entries. The indirect Expense Material Requisition listing is sorted in the same sequence.

- f. Expense Material Requisition lists are audited by the Cost Section. All requisitions found in error are resolved by the Cost Section if possible. If not, those requisitions which have an error in their Project Authority Number or charge account number are returned to the person who ordered the material or to the department to which the material was delivered. Those requisitions which have an error in their credit account number, quantity delivered, or the material unit price furnished, are returned to the department from where the material was furnished. In both situations stated above, the corrected Expense Material Requisitions are returned to the Cost Section. The audit performed by the Cost Section for direct and indirect Expense Material Requisitions includes:
1. A charge to a project authority must be made to an active project authority or must be dated prior to the closing of the project authority.
 2. An inventory number must be valid.
 3. An account number to be correct must include department, expense account, and corresponding charge-to numbers.

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All corrected Expense Material Requisitions are then re-submitted to Data Processing for incorporation into the next week's Expense Material Requisitions.

- g. Each month Data Processing prepares for the Cost Section audit listings of all Expense Material Requisitions. These listings are audited for possible erroneous entries. Such errors are resolved similar to those erroneous requisition entries included on preliminary Expense Material Requisition weekly listings.
- h. Data Processing prepares an Expense Material Requisition Monthly Summary of Direct Material (Exhibit 13). This summary shows all Direct Material charges by Project Authority Number.
- i. The indirect material charges resulting from Expense Material Requisitions are incorporated monthly into the Plant Factory Ledger.

(4) ~~Other Material Costs~~

- ~~a. Financial Accounting furnishes the Cost Section a recap for each separate Journal Entry prepared to reclassify charges to Direct Material.~~
- ~~b. The Cost Section prepares an Other Material Charge Listing (Exhibit 14) which represents any reclassified Journal Entry of ~~Direct~~ Direct Material charges which have been made by Financial Accounting or the Cost Section as of the date the listing is prepared. Any subsequent other material charges are journalized at month end and included in the Contract Ledger.~~

~~These reclassified Direct Material charges may include:~~

- ~~1. Late accruals for Voucher distribution.~~
- ~~2. Checks received by the Cashier for Direct Material charges.~~

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NO. 1FILE 511
VOUCHER DISTRIBUTION
FEBRUARY 1963

T1840	15	329.40
T2147	12	.46
T2149	01	8.15
T2310	08	314.00
T2420	56	41.46
T2440	11	204.82
T2440	13	95.26
T2446	11	5.77
T2461	04	78.70
T2461	06	189.36
T2461	08	35.64
T2630	52	126.00
T2631	08	35.64
T2632	02	295.00
T2632	54	180.00
T2632	55	135.00
T2632	59	5.65
T2660		32.56
T2660	01	27.10
T2670		4.95
T2670	01	3.97
T2680	30	7.25
T2680	31	13.90
T2680	40	19.73
T2915		15.49
T3220	53	72.00
T3221	22	49.30
T3221	33	67.17
T3221	34	435.00
T3221	49	103.69
T3240	09	89.95
T3240	22	10.89
T3260	59	90.53
T3320	53	222.35
T3321	21	89.60
T3321	33	13.80
T3321	37	32.04
T3321	48	108.90
T3321	54	3.00

EXHIBIT 9. MONTHLY VOUCHER DISTRIBUTION LIST
OF DIRECT MATERIAL

NO. I

Acct'g. Copy	Date	2/14/63	St. #		Cat. #		Chg. Acct. #		Credit Acct. #		Qty.		Unit Price		Extension
	Part or Catalog #.					Project or Job #.			Stock Location			Ordered by			
	904014-5								Ship 184104						
	Dr. Acct.	Charge Acct. #.				Part Name or Material Description							Mail Sta.		
	L3830-01				Coil										
Cr. Acct.	Credit Acct. #.				Material to be Used For							Filed by			
	L3730-01											LCS			

Acct'g. Copy	Date	2/13/63	St. #		Cnt. #		Chg. Acct. #		Credit Acct. #		Qty.		Unit Price		Extension
	Part or Catalog #.						Project or Job #.		Stock Location				Ordered by		
	6449						T-822007						Smith		
	Dr. Acct.	Charge Acct. #.					Part Name or Material Description						Mail Sta.		
	TB22007					1-1/2 Tn Alum. Plate									
Cr. Acct.	Credit Acct. #.					Material to be Used For						Filled by			
	1490					2318670 T-100						MSB			

Acct'g. Copy	Date	2/26/63	St. #		Cat. #		Chg. Acct. #		Credit Acct. #		Qty.		Unit Price		Extension		
	Part or Catalog #.					Project or Job #.					Stock Location					Ordered by	
	14-103															Brown	
	Dr. Acct.	Charge Acct. #.				Part Name or Material Description								Mail Sta.			
	502-526-30				1/4 x 1/2 Grinding Wheels Shank MTD												
Cr. Acct.	Credit Acct. #.				Material to be Used For								Filled by				
	1381												LJS				

Acct'g. Copy	Date 3/10/63	St. #	Cat. #	Chg. Acct. #	Credit Acct. #	Qty.	Unit Price	Extension
	Part or Catalog #.			Project or Job #.		Stock Location		Ordered by
	45-82			L4506-03				Brady
	Dr. Acct.	Charge Acct. #.	Part Name or Material Description					Mail Sta.
	L4506-03	1/8 x 3/8 Dowel Pins						
Cr. Acct.	Credit Acct. #.	Material to be Used For					Filled by	
	582-526-39	917597 HBID						

Acct'g. Copy	Date	2/1/63	St. #	Cat. #	Chg. Acct. #	Credit Acct. #	Qty.	Unit Price	Extension
	Part or Catalog #. 8595				Project or Job #.		Stock Location		Ordered by Davis
	Dr. Acct.	Charge Acct. #. 1389			Part Name or Material Description #25 White				Mail Sta.
	Cr. Acct.	Credit Acct. #. 1395			Material to be Used For				Filled by
Expense Mtr.. Requisition	Prod. Code	Quantity Delivered 1680 ft.			Quantity Wanted		Unit	Stock Bal.	Entered by
	Mfg.	Assy.	Mat'l.	Pr.	Deliver to (Plant-Bldg. Dept. Floor)				Approved by NCG
			02	ft.	Delivered From				
			33	60	Whse #2				

Approved For Release 2002/06/14 : CIA-RDP69B00279R000300140004-4

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Credit Acct. 1395		Charge Acct. 522-17-35		Page 1 of 2						
WFE 1-27-63	Spec. or Stock #	Pur. Unit	I	II	15		Norm.	Total	Price	Ext.
Description										
"O" Rings	4-71	each	3						.213	
#3 Wire	4-77	lb.							1.99	
"O" Rings	4-80	each							.07	
"O" Rings	4-189	each							.06	
"O" Rings	5-20	each							.14	.42
"O" Rings	5-22	each	50						.06	3.00
"O" Rings	5-25	each	41						.12	4.92
"O" Rings	5-29	each							.01	
"O" Rings	5-31	each							.24	
"O" Rings	5-41	each							.033	
"O" Rings	5-44	each							.46	
Tape	5-49	roll							3.18	
"O" Rings	5-67	each							.51	
"C" Rings	5-67-A	each							.96	
Lapping Compound	5-129	lb.							1.75	

EXHIBIT 11. EXPENSE MATERIAL LIST

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DIRECT EXPENSE MATERIAL REQUISITIONS AUDIT LISTING

Debit	Credit	Credit	Dollar Amount
L3830-01	1405		.16
L4840-01	1490		.45
L5052-01	1490		2.72
L3283-01	1490		9.13
L4111-01		1	.36
L4372-01	1490		.54
L4373-01		L4376-01 1	111.60
L4372-01		L4370-01 1	157.50
L4372-01		L4370-01 1	42.36
L4442-01-	1395		16.75
L5004-01		L4371-01 1	38.00
L5004-01		L4376-01 1	54.25
L4300-01		71335-01 1	93.46
L4201-01		71335-01 1	808.98
L4501-01		71335-01 1	120.00

EXHIBIT 12. DIRECT EXPENSE MATERIAL REQUISITIONS AUDIT LISTING

SAMPLE

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NO. IFILE 511
EXPENSE MATERIAL
FEBRUARY 1963

T0441 16	3.24 CR
	3.24 CR
T2120 71	.09
T2120 72	.24
	.33
T2122 81	.80
	.80
T2147 11	.35
	.35
T2149 01	52.13
	52.13
T2420 61	.08
	.08
T2440 11	13.52
	13.52
T2461	14.25
	14.25
T2630 54	.32
	.32
T2632 01	1.28
	1.28
T2634 52	26.95
	26.95
T2660	15.96
T2660 01	111.90
	127.86

EXHIBIT 13. EXPENSE MATERIAL REQUISITIONS
MONTHLY SUMMARY OF DIRECT MATERIAL